



Moving to Work (MTW) Program Fiscal Year 2009

**Combined Annual Plan for the Housing Authorities of
the County of Santa Clara and the City of San Jose**

THE HOUSING AUTHORITY OF THE COUNTY OF SANTA CLARA (HACSC)

Board of Commissioners

Bill Anderson, Chair

Kathy Espinoza-Howard, Vice Chair

Verna Hayden

Harry Adams

John Scrempos

Carl Guardino

Executive Director

Alex Sanchez

Senior Management Team

Candy Capogrossi, Deputy Executive Director of Housing Programs

Jacque Hansen, Deputy Executive Director of Operations

Louise Hofmeister, Housing Programs Director

TABLE OF CONTENTS

Section I:	Introduction	Page 5
	Executive Summary	Page 5
	Mission	Page 6
	MTW Goals and Objectives	Page 7
	MTW Activities	Page 8
Section II:	General HACSC Operating Information	Page 10
	Housing Stock Information	Page 10
	Lease-Up Information	Page 14
	Wait list Information	Page 14
	Community Services	Page 15
Section III:	Long-term MTW Plan	Page 17
Section IV:	Proposed MTW Activities	Page 19
Section V:	Ongoing MTW Activities	Page 44
Section VI:	Sources and Uses of Funding	Page 44
Section VII:	Administrative	Page 47

APPENDICES

Appendix One: Board Resolution adopting 50077-MTW or equivalent form

Appendix Two: Documentation of the Public Review Process

Appendix Three: HACSC Moving-to-Work (MTW) Agreement

I. INTRODUCTION

In January 2008, the US Department of Housing and Urban Development (HUD) signed a 10-year Moving to Work (MTW) Agreement with the Housing Authority of the County of Santa Clara (HACSC) and the Housing Authority of the City of San Jose (HACSJ), to launch its MTW Program. This document represents HACSC's first full-year MTW Plan, covering the period from July 1, 2008 through June 30, 2009.

The purpose of this MTW Plan is to establish HACSC's vision, goals and objectives, and to present proposed MTW activities along with related performance measures, seeking HUD approval where appropriate. The Plan also introduces long term plans and activities to be considered throughout the demonstration period.

HACSC was established in 1967 by the Santa Clara County Board of Supervisors. By an agreement entered into in 1976, the City of San Jose designated the County HACSC as the City's Agency to administer and manage all existing and future public housing programs within the City of San Jose, thereby expanding the HACSC's jurisdiction. Under a new agreement in 1996, the City continued the relationship and assigned to HACSC all of its interest in the contracts with HUD commonly known as the Annual Contributions Contract for Section 23 and Section 8. Currently, HACSC administers subsidized housing programs for both the County of Santa Clara and the City of San Jose. As authorized by the MTW Agreement, this MTW Plan presents a consolidated strategy to be implemented for both the County and City programs.

Under the MTW Agreement, HACSC is given budget flexibility and the authorization to develop policies that are outside the limitations of certain HUD regulations and provisions of the Housing Act of 1937. The additional flexibility offered by MTW will allow HACSC to more successfully achieve its mission and program goals, as well as enhance its ability to serve the needs of low-income people and communities in the County of Santa Clara.

EXECUTIVE SUMMARY

The three major goals for the MTW program are to increase cost effectiveness, promote self-sufficiency, and to expand housing options for program participants. The HACSC MTW Plan addresses changes the agency is proposing to implement in its first full year of the MTW Demonstration. These changes focus on streamlining procedures, creating more efficient programs, and the implementation and evaluation of new services in support of the MTW goals and objectives.

HACSC proposes the following MTW activities for FY2009:

To streamline procedures and reduce administrative burdens, HACSC will:

- Reduce the frequency of tenant re-examinations to once every two years for most program participants, or every three years for fixed-income participants,
- Simplify the verification process, and
- Reduce the frequency of unit inspections to once every two years for most units; with owner/landlord self-certifications accepted for minor infractions.

To realize increased program efficiencies HACSC will:

- Improve processes related to the project-based wait list, reducing the amount of time project-based units remain vacant,
- Change requirements in the original project-based certificate program to conform to the most recent Project-based Voucher (PBV) regulations, including reducing the number of unit inspections, and
- Explore options to allow direct referrals from homeless service providers of chronically homeless families for assistance under the Voucher Program.

To expand housing options and promote family self-sufficiency through evaluation and design of new policies, HACSC will:

- Increase its focus on implementing and sustaining supportive services for families with the highest needs,
- Use HACSC resources to support additional resident and community services, and
- Explore and develop relationships with community partners and service providers.

To make best use of its funding, HACSC will:

- Combine resources (public housing and housing choice voucher (HCV)) under the block grant MTW Program to better use the funding stream to address local program and administrative needs, and
- Use funding flexibility allowed under MTW to responsibly and creatively support local community housing needs while maintaining assistance to the same number and types of households served as before MTW implementation.

By focusing on the above MTW activities during FY2009, HACSC will be able to recast the program into one with a more efficient and streamlined methodology and create a framework for exploring future initiatives and providing economic incentives to help achieve MTW goals.

A. MISSION

HACSC's mission is to improve the lives of low-income families, persons with disabilities, and seniors in the County of Santa Clara by providing safe, decent and affordable, high-quality housing.

Historically, HACSC has worked closely with numerous community stakeholders to promote its mission while maintaining a high level of participant and stakeholder satisfaction. Through its website, periodic newsletters, and regular participation in community forums, HACSC has widely and consistently communicated the services and opportunities it provides throughout the County of Santa Clara.

In recent years, HACSC has renewed its efforts to attract and retain the highest caliber employees who are dedicated to carrying out the HACSC mission. These efforts have positioned HACSC and the community to fully embrace the goals of MTW, and to quickly benefit from the advantages and opportunities available through this program.

B. MTW GOALS AND OBJECTIVES

Participation in the MTW demonstration gives HACSC the ability to make positive program changes, and to better respond to local housing needs and realities. HACSC's goals for its MTW Demonstration are aligned with three major goals established in the 1996 Appropriations Act, when the MTW Demonstration Program was first established.

1. **Increase Cost Effectiveness:** Reduce costs and achieve greater cost-effectiveness in federal expenditures. To meet this goal HACSC plans to:
 - Develop a more efficient and effective operation by simplifying and streamlining administrative regulatory requirements
 - Enhance the agency's financial stability and ability to achieve its mission by maintaining balanced budgets and appropriate reserves, over time
 - Improve its policies and procedures so that they better support program integrity, process efficiency, reduce bureaucracy, and promote fiscal responsibility
2. **Promote Self-Sufficiency:** Give incentives to families with children where the head of household is working, seeking work, or is preparing for work, by encouraging participation in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient.

To meet this goal, HACSC will:

- Promote self-sufficiency and asset development to the maximum extent possible among participants, by expanding current programs and developing new tools in order to enhance life skills
 - Improve the quality of life for low-income families by providing direct access to educational, social and economic development services and opportunities
 - Work in partnership with local community organizations to develop a comprehensive approach to ending homelessness and promoting self-sufficiency
 - Increase the number of low-income families participating in HACSC's homeownership program by partnering with developers, counselors, realtors, and banks.
3. **Expand Housing Options for Low-income Families:**
 - Enhance HACSC's ability to increase and preserve the supply of affordable, high-quality housing
 - Capitalize on housing opportunities to improve the vitality of HACSC-owned developments as well as increase the supply of affordable housing through future developments
 - Take affirmative measures to support and ensure equal housing opportunities for all families participating in HACSC programs

HACSC's philosophy in creating and carrying out its MTW goals in its Plan address two core values. The first core value is to work collaboratively with all its stakeholders, owners,

community constituencies, and other potential partners, and to be sensitive and highly responsive to their diverse needs. Special consideration will be given to the needs of low-, very low-, and extremely low-income families who are current or prospective residents.

The second core value underpinning HACSC's MTW planning process is to create a superior business model for its operations, with a consistent focus on enhancing its financial sustainability, while ensuring and expanding the resources available for its programs that will support the affordable housing needs of low-income residents of the County of Santa Clara over the long-term.

C. MTW ACTIVITIES

HACSC will be pursuing a number of inter-related initiatives during the FY2009 phase of this MTW Plan. HACSC's philosophy in launching the MTW Demonstration is to implement its MTW activities gradually over the first few years of the Demonstration which will allow time for a planning process that is inclusive and an implementation process that allows for necessary adjustments. The MTW activities to be implemented in FY2009 will be centered primarily on more targeted and tactical changes to regulations and procedures, which are clear in their benefits and relatively simple to implement.

During FY2009, the focus on a few key activities will allow more in-depth analysis, research, and, as needed, modifications to the design of the MTW Plan. Intensive evaluation and refinement of activities will be pursued in subsequent MTW years. Incremental implementation of the MTW plan will also enable HACSC to carefully and iteratively adapt its operations to its MTW funding fungibility capacity.

Under its MTW designation, HACSC's public housing operating subsidy, public housing capital funds and Section 8 funds may be used for all eligible program activities permissible under Section 8(o), 9(d)(1) and 9(e)(1) of the 1937 Housing Act. HACSC will monitor budgetary and financial impacts closely, as well as make financial and programmatic refinements.

The proposed MTW activities for FY2009 can be divided broadly into three categories, all of which are strongly focused on HACSC's three MTW goals. A more detailed description of each of the proposed MTW activities is included in Section IV of this Plan.

In the summary below, reference numbers (#) are given for each activity corresponding to the more detailed list and description in Section IV.

1. **Streamlining Procedures and Reducing Administrative Burdens:** As one of the central goals of its MTW Demonstration, HACSC seeks to *increase its cost-effectiveness* by reducing the frequency of annual certifications and streamlining other procedures in the Section 8 HCV and the PBV Programs. These specific changes were designed with staff and stakeholder input to ensure maximum efficiency while maintaining the integrity of HACSC's programs and affordable housing stock, and includes:
 - a. **Changing Inspections Protocol** including conducting inspections biennially (every 2 years) for tenant-based voucher units (MTW Activity #3), increasing flexibility in the timeline for correcting deficiencies (MTW Activity #4), and

allowing landlords/owners to self-certify certain repairs. For certain project-based units, inspection protocols will be changed to bring all PBV units into conformity with the most recent PBV Final Rule Guidelines for these projects (MTW Activity #7).

- b. **Streamlining the Tenant Income Verification Process** by limiting the requirements for third-party verifications of income and assets for voucher units (MTW Activity #2), and using established federal tax credit income verification documents for tax-credit project-based units (MTW Activity #9).
- c. **Reducing the Frequency of Tenant Re-examinations** to every 3 years for fixed-income tenants, and every 2 years for all other tenants (MTW Activity #1).

2. **Creating Program Efficiencies** that remove obstacles to allocating HACSC assistance to where it is most needed in a timely manner. In this way, these MTW activities will meet the dual MTW goals of *increasing cost-effectiveness* and *expanding housing options* for HACSC's low-income clients. Activities in this category include:

- a. **Facilitation of Transfer/Demo Disposition of Public Housing Units:**
In September 2007, HACSC received HUD approval for Demo Disposition transfer of its 548 public housing units with plans to transition these units to project-based units under HACSC affiliated non-profit entities. For many years, and on an increasing basis, capital funds from HUD have been insufficient to maintain and upgrade public housing units to provide safe and attractive properties over the long term. Using project-based assistance, MTW budget flexibility and leveraging low-income housing tax credits (LIHTC), and other sources of financing, will enable HACSC to assure the residents and community that these 548 units will continue to be viable, attractive properties for years to come.
- b. **Streamlining of PBV Program** will ease current administrative burdens in the participant referral process (MTW Activity #8), by bringing all PBV units into conformity with the most recent PBV Final Rule Guidelines (MTW Activity #6 & 8), by shortening the long processing time currently required when project-basing HACSC-owned public housing properties (MTW Activity #10), and by minimizing the impact of HUD rule changes on residents of former Public Housing units undergoing conversion to PBV units (MTW Activity #8).

3. **Design, implementation and evaluation** of new services to support HACSC's MTW goals of *promoting family self-sufficiency* and *expanding housing options* for low-income households throughout the County of Santa Clara. In recent years, funds to support participant's assistance and supportive services have been declining. Part of HACSC's vision for its MTW demonstration is to use its funding fungibility and the cost savings from improvements to its Section 8 Voucher Program, to fund improvements and expansions to tenant support and services.

- a. **Expand housing opportunities for chronically homeless families:** HACSC will increase the number of vouchers set-aside for chronically homeless families, explore the policies related to the referral process from social

service providers and revisit our wait list preferences related to emergency situations, MTW Activity #5.

b. Expansion and Enhancement of Participant Services: To support the planned Demo Disposition and transfer of its public housing stock (described in #2a above), HACSC is pursuing service enhancements for the residents of these 548 units. Additionally, as a goal of this first MTW Annual Plan, HACSC plans to explore ways to develop a more comprehensive service program for all participants in all its programs in future years of its MTW demonstration. Early activities could include:

- Planning new and expanded service and support opportunities to household types with the highest needs, including participants coming to the program from homelessness, those with 100% Temporary Assistance to Needy Families (TANF) incomes, disabled and special-needs seniors residing in HACSC-owned developments
- Creating a comprehensive plan to provide services in support of self-sufficiency options and opportunities to participants in the Program
- Establishing an advisory group of representatives from various community agencies to serve as a resource for HACSC staff in researching and evaluating model programs and “best practices” of MTW agencies nationwide, and local non-profit and government service providers. Working with the advisory group, staff will identify existing resources and potential partners in the community
- A Services Coordinator will be hired who possesses a background in development to design and launch a program to raise funds, oversee contracting for services, and negotiate cooperative agreements to facilitate direct referrals for our clients

Explore Other Potential Programs: During FY2009 under MTW, HACSC plans to research additional initiatives and economic incentives to help recast the program so that the purpose of subsidized housing becomes a temporary rather than a permanent support system for those who are not disabled or elderly.

II. GENERAL HACSC OPERATING INFORMATION

This section provides information about the types and number of units in the HACSC program, as well as the characteristics of the families served. HACSC administers over 16,961 units of housing assistance consisting of public housing, moderate rehabilitation, shelter plus care, and Section 8 HCV units throughout the County of Santa Clara

A. HOUSING STOCK INFORMATION

1. Public Housing Units

HACSC currently owns and operates seven public housing projects that include 548 units. During FY2009, HACSC plans to remove these units from public housing and transition them to non-public housing owned by HACSC-affiliated non-profit entities, incorporating, tax credit

financing through low income housing tax credits (LIHTC).

HACSC was granted HUD approval on September 26, 2007 for this Demo Disposition because public housing operating and capital funding has been inadequate to meet costs for more than the past five years, and these capital funding deficits are projected to further increase in the coming years. HACSC has estimated that \$28 million is currently needed to address deferred maintenance and unmet capital improvement needs at its public housing sites.

Once Demo Disposition is complete, these developments will utilize 100% PBV assistance going forward with no displacement of currently assisted families. HACSC is taking all necessary steps to accomplish this transition and to fulfill relevant HUD requirements, including applying for replacement vouchers, holding participant meetings at each development, and submitting projects for subsidy layering review with HUD.

See description of units to be transferred (Table 1) for more information. No new public housing units will be added.

Table 1: List of Public Housing properties/units to be transferred through the Demo Disposition process

Development	Type	Number of Units
Rincon Gardens	Senior	200
Cypress Gardens	Senior	125
Lenzen Gardens	Senior	94
Sunset Gardens	Senior	75
Julian Gardens / Lucretia Gardens	Family	25
Miramar/Deborah	Family	20
Eklund 1 and Eklund 2	Family	16
	TOTAL	555 (of which 7 are manager units)

During FY2009, HACSC will be performing maintenance and upgrading projects at each of these seven public housing developments, using FY2006 and FY2007 Capital Improvement Program grants. The specific repairs and improvements, and the accompanying costs for each, are detailed in Section VI, Sources and Uses of Funds, Table 6, (Planned Sources and Expenditures by Development).

After Demo Disposition, HACSC will continue performing maintenance, upgrades and improvement using investor equity payments generated through sale of LHTIC and proceeds from private activity bonds.

2. Section 8 Programs, Moderate Rehabilitation and Shelter Plus Care

HACSC currently serves 16, 406 households through the County of Santa Clara. These include the following programs:

- 15,649 Tenant-Based vouchers (including 53 mainstream vouchers)
- 351 PBV units
- 206 Moderate Rehabilitation units
- 200 Shelter Plus Care units serving homeless, disabled households

In addition, HACSC plans to project-base 892 of its tenant-based vouchers for new construction and existing units during FY2009. HACSC has also applied for replacement vouchers for the 548 public housing units planned to be disposed and transitioned to PBV.

Table 2: List of new projects to be project-based in FY2009 & FY2010

Name and Location of Project	Number of Units	Status
Fairgrounds Senior Housing Apartments, San Jose	199 project-based units	Planned new construction senior project
Sunnyvale Senior Housing Apartments, Sunnyvale	120 project-based units	Planned new construction senior project
Kings Crossing Apartments, San Jose	93 units, of which 25 will be project-based	Planned new construction project for homeless persons and families
Rincon Gardens, Campbell	198 project-based units	Existing senior housing project
Sunset Gardens, Gilroy	74 project-based units	Existing senior housing project
Lenzen Gardens, San Jose	92 project-based units	Existing senior housing project
Cypress Gardens, San Jose	123 project-based units	Existing senior housing project
Miramar & Deborah, Santa Clara	20 project-based units	Existing family housing project
Eklund 1 & II, Santa Clara	16 project-based units	Existing family housing project
Julian Gardens and Lucretia Gardens, San Jose	25 project-based units	Existing family housing project
TOTAL	892 project-based units	

3. Other Housing planned to be managed by the HACSC

The following tax credit properties are managed by Property Management Inc., an affiliate of the Housing Authority.

Senior Housing

Name and Location	Number of Units
El Parador, Campbell	125
Avenida Espana Gardens, San Jose	84
DeRose Gardens, San Jose	76
Morronne Gardens, San Jose	102
Villa Hermosa, San Jose	99
Bracher Senior Apartments, Santa Clara	72
John Burns Gardens, Santa Clara	100
Total	658

Family housing

San Pedro Gardens, Morgan Hill	36 units, (20 leased to very low income families, 16 sweat equity homes purchased by low income home buyers who helped build their own home.)
Blossom River Apartments, San Jose	144
Helzer Courts Apartments, San Jose	155
Huff Gardens, San Jose	36 units tax credit, 36 units Project Based Voucher
Pinmore Gardens, San Jose	51
Poco Way Apartments, San Jose	128
Klamath Gardens, Santa Clara	17

RiverTown Apartments, Santa Clara	100
Opportunity Center for Homeless, Palo Alto	89
Total	756

Farmworker Housing

Arturo Ochoa Migrant Farmworker Center, Gilroy	100 units (funded through California State Office of Migrant Services)
Total	100

B. LEASE-UP INFORMATION

1. Public Housing

HACSC is currently 100% leased-up in all of its 548 public housing units. As described in the Table in Section 2 (A)(1), during FY2009, HACSC plans to transition these units from public housing to non-public housing, project-based units. Since all public housing units are fully occupied at this time, only turnover units will need leasing activity.

2. Section 8 HCV Program

The Section 8 HCV Program anticipates being 100% leased-up throughout FY2009.

C. WAIT LIST INFORMATION

HACSC currently maintains the following wait lists:

- Housing Choice Voucher
- Moderate Rehabilitation
- Project-Based
- Public Housing for Family Housing
- Site-based Public Housing for Senior Housing

1. Section 8 HCV Program

In April 2006, HACSC opened the wait list for the HCV program, including tenant-based assistance, PBV assistance, and the Moderate Rehabilitation program. Currently HACSC's Section 8 HCV wait list includes:

- 55,507 eligible registrants
- Of those on the HCV wait list, 50,922 households are registered for the PBV and Moderate Rehabilitation programs, in addition to registering for tenant-based assistance
- The demographics of the current registrants on the Section 8 HCV wait list are shown below in Table 3

Table 3: Applicant Income Levels by Family Type

	Extremely Low Income	Very Low Income	Low Income
Elderly	8317	1,425	235
Disabled	7242	1,003	230
Not Elderly/Disabled	24,914	9,703	2,438
TOTAL	40,473	12,131	2,903

Currently, HACSC is 100% leased up, and will continue to maintain the lease-up rate by processing approximately 2,000 registrants per year from the current wait list. HACSC does not anticipate opening the wait list to new applicants in FY2009.

HACSC updates its wait lists periodically in increments of 1,000 applicants at a time. The last update was initiated on February 11, 2008. Applicants are mailed a Wait List Update form to indicate their continued interest in remaining on the wait list. Applicants who do not respond to the questionnaire within the required time frame are mailed a notice of withdrawal, and are then removed from the wait list unless a timely request for appeal is submitted.

2. Public Housing

HACSC maintains a separate wait list for its public housing units, which currently consists of 2,020 applicant households including:

- 1,758 applicants for all site-based senior housing,
- 262 applicants for family housing

HACSC plans to transition seven public housing projects (548 units) to non-public housing, 100% project-based units. The public housing wait lists have been closed. Each list will be updated or purged prior to Demo Disposition (see timeline below in Table 4) and remaining eligible households will be given an opportunity to lease a unit when a vacancy occurs. After a Project-Based Housing Assistance Payments Contract has been executed for a particular development and its wait list has been exhausted, vacancies will be filled from the PBV wait list.

Table 4: Public Housing Wait List Update Schedule

Name of the Complex	Date of the Update
Cypress and Lenzen Gardens	March 2008
Rincon Gardens	Scheduled for May 2008
All Family Units	Scheduled for August 2008

D. COMMUNITY SERVICES

HACSC has long partnered with the community to improve the quality of life for our families. However, funds to support the provision of services have been dwindling due to budget shortfalls. Using its limited funding, HACSC has been providing access to an array of supportive services to residents of both its public housing and non-public housing sites, to participants in the Family Self-Sufficiency Program (FSS), and to a limited number of Section 8 participants. Currently, these services are provided through a combination of HACSC staff, partnerships with community service agencies (i.e., County Social Services Agency, Department of Alcohol and Drugs, United Way, Lenders for Community Development) and small grants. They include:

- **Services for senior residents (public and non-public housing sites):** These include meal programs (on-site, meals-on-wheels, or off-site programs), health-related activities (blood pressure checks, flu shots, nursing assessment for the homebound), computer clubs (including access to a computer room with multiple computer work stations and on-site computer courses), and social clubs (coffee, crafts, holiday events).

A pilot aging services program is also being provided at two senior public housing projects that prevents premature institutionalization. HACSC's partners for this program include the County Department of Aging, the Council on Aging and the City of San Jose.

- **Services for family residents (public and non-public housing sites):** These include after-school programs, summer youth programs, computer clubs (including access to computer rooms with multiple computer work stations and on-site computer courses), health realization classes, holiday events and summer barbeques.
- **FSS Program:** Management, linkages and referrals to services such as job training, child care, transportation services, homeownership counseling, and individual development account (IDA) options, and other services determined to be appropriate for each family on the program.
- **Women Leading Change Program:** HACSC receives funding from United Way to administer case management funds for this program that provides financial literacy courses and matched savings (including IDA programs) for single head of households participating in the FSS program who are motivated to move towards self-sufficiency.
- **Scholarship Program:** HACSC provides approximately 20 educational scholarships annually to eligible Section 8 HCV holders and residents of HACSC-owned properties; the scholarships range from \$200 to \$1,000 each. Applicants are carefully screened and multiple criteria are considered, including grades, goals and community service.
- **Assistance to Chronically Homeless:** HACSC has a wait list preference to provide 100 Housing Choice Vouchers to families identified as chronically homeless. Joining with non-profit community-based organizations and government agencies (including the City of San Jose) to support local homeless assistance strategies, HACSC will explore its

means of assisting the families to access and maintain permanent housing through further coordination with agencies who provide supportive services.

III. LONG-TERM MTW PLAN

Funding fungibility under block grant MTW programs will enable HACSC to combine resources it previously could not, allowing use of HUD funding to better address local program priorities and needs. HACSC envisions the remaining years of the MTW Demonstration Program as focusing primarily on implementation activities designed to:

- Achieve a wide range of operational efficiencies and excellence in housing management, to focus and make the best possible use of our limited resources,
- Reform the Section 8 HCV Program to enhance the cost-effectiveness of assistance and to expand the impact of the program,
- Enhance support and services to promote participant self-sufficiency;
- Pursue housing development, rehabilitation and neighborhood revitalization activities.

Each of these four long-term initiatives is described in the corresponding sections below.

A. Operational Efficiencies and Excellence

To ensure optimal program administration, HACSC will develop and pursue the following initiatives:

- Implementation of new software system tailored to support MTW needs including flexible reporting that anticipates program tracking and evaluation,
- Revision of written policies and procedures in support of MTW activities and other changes supportive of streamlining and smart, systems-based program administration,
- Exploration and revision of organizational structural changes, training and job re-design to support new approaches,
- Establishment of new comprehensive, agency wide quality control plan.

B. Reforms to Section 8 HCV Programs:

HACSC will consider and assess a range of potential options in subsequent phases of MTW, with a goal of structuring its Section 8 assistance in ways that will assist families to achieve financial self-sufficiency over time. The full range of potential options to be investigated, including an analysis of best practices of MTW agencies nationwide, could include, but are not limited to:

- Flat subsidies to encourage participant increases in income,
- Flat/tiered subsidies by income category (similar to Federal Low-Income Housing Tax Credit structure),
- Income-based subsidies (to adjust/modify current model, which could include “caps” based on income levels and maximum rents),

- Decrease levels of household rental assistance over time to encourage economic self-sufficiency.

C. Participant Support and Services to Promote Self-Sufficiency

HACSC will develop plans to establish a comprehensive service program that will serve residents of HACSC-owned properties as well as Section 8 HCV holders. To meet the goals of its MTW Program, HACSC plans to use funds made available through its efforts to run a more efficient Section 8 Program under MTW, leveraged with outside funding sources to expand the service provision activities.

If determined feasible and appropriate, the sample initiatives below, or others like them, are the types of programs that could be introduced in HACSC's subsequent Annual Plans under MTW. Uses to be explored include:

- Establishment of a required seven-year case management and service plan for all non-senior, non-disabled families with the goal of helping families to graduate from housing assistance upon completion of the service plan, with provisions for hardship policies. Depending on the program design, over time this initiative could entail hiring case managers to work with thousands of households that would be targeted, or it could be phased in more gradually on a demonstration basis
- Implementation of income/savings incentives for non-senior, non-disabled families similar to the current FSS where HACSC would set aside, in an escrow account for each eligible tenant, a match of dollars equal to an incremental amount based on an increase of rent due to increased income. Only families who graduate from assistance within seven-years would be eligible to collect the funds in their account. Funds accumulated for families who do not leave the program after the allotted time period would be returned to the HACSC budget, with provisions provided in the hardship policy

These or other initiatives could potentially be rolled out starting with a demonstration within the FSS program, for example.

D. Housing Development, Rehabilitation and Neighborhood Revitalization Activities

Building on HACSC's proven track record of creating attractive, cost-efficient and sustainable affordable housing, HACSC will explore potential future development activities including acquisition rehabilitation and/or new construction. These activities will include expanding current partnerships and forging new ones with non-profit and community organizations as well as local government or redevelopment agencies to ensure that the affordable housing created meets the highest possible quality standards for its residents and for the community at large.

IV. PROPOSED MTW ACTIVITIES

HACSC will establish baselines for the MTW Demonstration Program during FY2009 and will track the progress made relative to expectations defined during this first year. HACSC is proposing 12 MTW Demonstration Activities,

1. Reduced frequency of tenant re-examinations
2. Simplification and expediting of the income verification process,
3. Reduced frequency of inspections
4. Timeline to correct Housing Quality Standards (HQS) deficiencies
5. Exploring new housing opportunities for the chronically homeless
6. Consolidation of PBV regulations – 20% random sample inspection annually
7. Consolidation of PBV regulations – unit substitution
8. Streamlining PBV referral process
9. Utilization of LIHTC Tenant Income Certification (TIC) for income and asset verification
10. Selection of HACSC-owned public housing projects for PBV without competition
11. Project-basing 100% of units in family projects
12. Investment Strategies

The sections below describe each of these proposed MTW Activities for FY2009, together with their impact on HACSC's proposed MTW objectives, the process for measuring each activity's performance, and the specific authorizations.

ACTIVITY #1: REDUCED FREQUENCY OF TENANT RE-EXAMINATION

A. Description of MTW Activity

Currently, HACSC is required to conduct an annual re-examination of family income and composition. The cost and time associated with processing an annual re-examination is significant, and these reexaminations are seldom cost effective, causing an unnecessary administrative and financial burden on the agency.

This is especially true for families on fixed incomes, which represent about 51% of the households in the Section 8 Program. For families with fixed incomes (such as from Social Security, pensions, and Temporary Assistance to Needy Families (TANF), changes in income from year-to-year typically consist of insignificant program-wide adjustments, such as cost-of-living adjustments. For those households whose incomes are subject to minimal increases, the resulting small rent adjustments do not offset the cost of performing the re-examination.

HACSC proposes to institute a three-year re-examination period for families who receive income solely from Social Security, Supplemental Security Income, pensions, and/or TANF, since these sources are subject to predictable and minimal annual increases. For all other families, re-examination will occur biennially, which should prove to be both efficient and cost-effective.

B. How the Proposed Activity Relates to at Least One of the Three Statutory Objectives and the Anticipated Impact on Those Objectives

The proposed activity will reduce the frequency of the re-examination process which will increase administrative efficiency and realize cost savings. HACSC expects these changes to provide adequate safeguards to preserve program integrity, and to limit disincentives for tenants to increase their incomes. In addition, by decreasing staff workloads, this activity will reduce calculation errors. Lastly, tenants will benefit from the reduced burdens resulting from the biennial re-examinations.

C. Baselines and Proposed Benchmarks Used to Measure the Performance and Progress of the Proposed Activity

Currently, HACSC conducts 16,406 family re-examinations annually and anticipates a reduction to less than 7,000 per year under the proposed MTW activity. Baselines for this activity will be based upon the agency records of the re-examination process, operational cost savings, number of calculation errors noted through the audit process, and tenant surveys related to customer service during FY2009. Full benchmarks will be developed as the activity is implemented to measure performance and progress and may include:

- Reduction in rent calculation errors,
- Improvement in participant satisfaction.

D. Data Collection and Proposed Metrics

Data will be collected from the following:

- Information on family characteristics gathered at the re-examination, and quality control data used to measure staff work performance/quality,
- Data from a work assessment study to measure the time needed to process re-examinations,
- Data obtained from tenant surveys measuring the satisfaction and impact of the proposed change.

Metrics may include:

- Review of post-implementation client comments and surveys as compared to number and type of complaints prior to implementation of the proposed activity,
- Quality control data based on audits ensuring that HACSC is in compliance with its own policies.

E. Authorization for Proposed Activity

This proposed activity is authorized in HACSC's Moving to Work Agreement, Attachment C, Paragraph D (1)(c) and waives certain provisions of Section (o)(5) of the 1937 Act, and 24 CFR 982.516 as necessary to implement HACSC's MTW Plan.

ACTIVITY #2: SIMPLIFICATION AND EXPEDITING OF THE INCOME VERIFICATION PROCESS**A. Description of MTW Activity**

To meet one of the central goals of the MTW Demonstration, HACSC will seek to increase its cost-effectiveness by streamlining the applicant and participant verification processes. The current method for verification requires virtually every income and allowance source to be third-party verified, requiring a mailing directly to the source for each type of income and allowance.

This expensive and time-consuming process invites discrepancies, often adds little or no value to the accuracy of the resulting information, and has limited effect on the accurate calculation of housing assistance. Despite the additional time spent on follow-up and tracking third-party verification requests, the end result is often no more reliable than information provided on tenant-supplied documents or other forms of verification.

Finally, the third-party verification process is intrusive for the applicants and participants as it is possible that others are unnecessarily made aware of the applicant's or participant's involvement in the Section 8 Program.

The MTW activity related to verification will use the following hierarchy:

- Up-front income verification (UIV) (the verification of income through an independent source that systematically and uniformly maintains income information in computerized form) when available. For example, HUD's Enterprise Income Verification (EIV) Program (a computer matching of tenant income and identity data), enables HACSC staff to verify and confirm the reliability of tenant-provided documents without relying on third-party sources.
- If either the UIV and EIV systems are not available, HACSC will accept family-provided documentation.
- HACSC may continue to use third party verification to resolve income discrepancies or in the absence of other verification or participant provided documents.
- Family self-certification will be used as a last resort. As an additional safeguard, the briefing presentation will be modified to inform applicants about the UIV/EIV system, and to emphasize the penalties for under-reporting income.

Another aspect of this activity addresses an additional obstacle for the initial applicant's determination of eligibility. The current requirement is that documentation must be received no more than 60 days prior to the issuance of the voucher. This policy creates an administrative burden because in some instances, documentation must be verified a second time before the voucher can be issued (if more than 60 days has passed). Increasing the documentation submission window from 60 to 120 days will eliminate double verification, will facilitate the processing of initial eligibility determination, and accelerate the applicants' access to program participation.

B. How the Proposed Activity Relates to at Least One of the Three Statutory Objectives and the Anticipated Impact on Those Objectives

The proposed activity increases administrative efficiency and cost savings compared to the current process of third-party verifications by reducing the need for mailings and repeat requests to third-parties sources.

In addition, the extension of the time limit on income documentation for initial eligibility will result in reduced staff time and cost savings in the initial application process.

By streamlining this process, HACSC will increase staff productivity, reduce total administrative costs of the verification processes, and make its Section 8 Program less intrusive for the applicants and participants.

D. Baselines and Proposed Benchmarks Used to Measure the Performance and Program of the Proposed Activity

Currently, HACSC conducts third-party verifications for 16, 406 families and incurs significant costs in the mailing expenses associated with third-party verifications since there are multiple sources that must be verified per family. Under the proposed MTW activity a reduction of 40% in these costs is anticipated. Baselines for this activity will be based upon the number of the verifications processed and amount of staff time associated with the process.

. The benchmarks to measure performance and progress may include:

- Reduction in staff time spent on verifying income and assets through third party sources,
- Expedited processing time for reexaminations, resulting from reduced need to request and wait for responses from third party sources,
- Improved participant satisfaction based upon survey results.

E. Data Collection and Proposed Metrics

At the end of FY2009, data will be collected from the following:

- Staff time spent processing verifications,
- Overall processing time for tenant re-examinations,
- HUD's EIV system showing received income that was not previously reported (Income Threshold report),
- Results of quality control audits (including random sampling and internal audit findings) comparing independent third-party sources with tenant-provided documentation and/or EIV.
- Results of tenant satisfaction surveys and comments provided, or complaints filed.

Metrics may include:

- Comparison of staff time spent on the activity under the current process versus the MTW process,
- Maintenance of accuracy of income information, based on results of quality control audits,
- Level of participant satisfaction post-implementation (as measured through participant satisfaction surveys, comments and/or complaints) as compared to prior to implementation of this proposed activity.

E. Authorization for Proposed Activity

This proposed activity is authorized in HACSC's Moving to Work Agreement, Attachment C, Paragraph D (3)(b) and waives certain provisions of CFR 982.516 and 982 Subpart E as necessary to implement HACSC's MTW Plan.

ACTIVITY #3: REDUCED FREQUENCY OF INSPECTIONS**A. Description of MTW Activity**

To fulfill its MTW goal of creating a more cost-efficient operation, HACSC seeks to streamline its inspections process. HACSC is currently required to inspect each Section 8 unit on an annual basis vis-à-vis HQS. The frequency of inspections creates a disproportionate staffing and cost burden for HACSC, and an unnecessary intrusion for participants, compared to the benefits of the resulting information, particularly for units with no history of deficiencies year-after-year.

HACSC proposes to modify the frequency of inspection by inspecting housing stock biennially. HACSC may make exceptions to this inspection schedule for landlords and properties that do not comply on a consistent basis with HQS. HACSC may also develop an educational program for participants and owners/landlords to ensure continued compliance with HQS.

B. How the Proposed Activity Relates to at Least One of the Three Statutory Objectives and the Anticipated Impact on Those Objectives

The proposed activity will streamline the inspection processes in order to increase administrative efficiency and to realize cost savings, with safeguards to ensure that participants reside in units that are decent, safe, and sanitary.

C. Baselines and Proposed Benchmarks Used to Measure the Performance and Progress of the Proposed Activity Data Collection and Proposed Metrics

HACSC currently inspects 16,200 units annually. This includes 15,649 Tenant Based units, 351 PBV units, and 200 Moderate Rehabilitation units. By implementing this proposed activity, HACSC estimates that this number will be reduced by approximately 40%, with a corresponding reduction in operational costs. HACSC will monitor the activity and establish baselines and benchmarks as implementation of the activity occurs. The baseline for this activity will be based on the number of inspection that are conducted, amount of staff time it takes to process and conduct inspections, and a random survey of participants and owners/landlords related to customer service and satisfaction during FY2009. The benchmarks to measure performance and progress may include:

- Reduction in staff time for processing and conducting inspections
- Cost savings associated with reduced number of inspection processed during FY2009
- Improvement in tenant and landlord/owner satisfaction resulting from fewer intrusive inspections as measured by the results of client survey

D. Data Collection and Proposed Metrics

Data will be collected from the following:

- Analysis of staff time spent on inspections and associated costs,

- HACSC database system to measure the number of inspections including failed and special inspections,
- Surveys measuring housing quality and satisfaction with the MTW Demonstration Program obtained from owners/landlords and participant surveys

Metrics may include:

- Comparison of time spent on the activity under the current process versus the proposed MTW activity
- Comparison of total administrative costs for activity under the current process versus the proposed MTW activity,
- Results of participant surveys on housing quality and satisfaction.

E. Authorization for Proposed Activity

This proposed activity is authorized in HACSC's Moving to Work Agreement, Attachment D, Paragraph C and waives certain provisions of Section 8 (o) of the 1937 Act and 24 CFR 982 & 985, as necessary to implement HACSC's MTW Plan.

ACTIVITY #4: TIMELINE TO CORRECT HQS DEFICIENCIES**A. Description of MTW Activity**

Currently HACSC requires owners to correct minor non-life threatening HQS violations within 30-days from the date of the inspection. A second “re-check” inspection is conducted to confirm that the correction has been made.

- The current time limit often does not allow sufficient time for owners to repair the HQS violations, requiring them to request an extension, and if they fail to request to do so it could potentially result in an abatement of their housing assistance payment.
- In addition, the process can cause hardship to participants since they are required to take time off from work in order to be home for the inspection.

HACSC proposes to allow self-certification for correction of minor non-life-threatening HQS deficiencies that are the responsibilities of the owner. Owners will be given 30-days from the date of the deficiency notification letter (instead of from the date of inspection) to correct the minor HQS violations. It is anticipated that this activity will produce cost savings by eliminating the need for a second inspection, and should also reduce the number of extension requests made by owners, while having little or no impact on housing quality under the Section 8 Program.

B. How the Proposed Activity Relates to at Least One of the Three Statutory Objectives and the Anticipated Impact on Those Objectives

The proposed activity produces administrative efficiencies and staff cost savings by allowing sufficient time for owners to correct and self-certify these routine repairs. This will reduce the need for HACSC staff to conduct these simple re-inspections, and reduce the number of extension requests.

In modifying this process, HACSC will increase staff productivity, reduce total administrative costs of the inspection processes, and encourage owners/landlords continued participation in HACSC programs, while sustaining good housing quality.

C. Baselines and Proposed Benchmarks Used to Measure the Performance and Progress of the Proposed Activity

HACSC currently inspects 16,200 units annually. This includes 15,649 Tenant Based units, 351 PBV units, and 200 Moderate Rehabilitation units. By implementing this proposed activity, HACSC estimates that this number will be reduced by approximately 40%, with a corresponding reduction in operational costs. During the initial year of implementation, HACSC will monitor the activity and establish benchmarks for this activity. The baseline for this activity will be based on the number of inspections that are conducted, amount of staff time it takes to process and conduct inspections, and a random survey of participants and owners/landlords related to customer service and satisfaction during FY2009. The benchmarks to measure performance and progress may include:

- Reduction in staff time on inspections follow-up for minor repairs post-implementation versus pre-implementation,
- Maintenance of housing quality as measured by participant surveys and quality control audits.

D. Data Collection and Proposed Metrics

Data will be collected from the following:

- HACSC data on allocations of staff time and associated administrative costs savings
- HQS Abatement log showing the number of HQS abatements that are processed before and after implementation of the MTW activity
- Data obtained from owner and tenant surveys measuring satisfaction and impact on housing quality.

Metrics may include:

- Comparison of time spent by inspections staff on re-checks and processing related to the correction of minor deficiencies under the current process versus the proposed process
- Client (owner and tenant) satisfaction with housing quality and inspections process, as measured by surveys, comments, and the number and type of complaints compared with prior to implementation of the proposed activity.

E. Authorization for Proposed Activity

This proposed activity is authorized in HACSC's Moving to Work Agreement, Attachment C, Paragraph D(5) and waives certain provisions of Section 8 (o) (8) of the 1937 Act and 24 CFR 982, Subpart I as necessary to implement HACSC's MTW Plan.

ACTIVITY #5: EXPLORING NEW HOUSING OPPORTUNITIES FOR CHRONICALLY HOMELESS FAMILIES

A. DESCRIPTION OF MTW ACTIVITY – ALLOWING DIRECT REFERRALS OF CHRONICALLY HOMELESS FAMILIES

Currently, HACSC dedicates 100 housing choice vouchers to assist chronically homeless individuals and families (as verified by a supportive services case manager or other professional) from the wait list.

Because of the transient nature of the homeless population, selecting homeless families from the wait list requires massive mail outs to locate prospective voucher recipients. Once identified, these families have more difficulty in locating and obtaining housing on their own, and have a higher rate of failure in maintaining their housing.

With its MTW authority, HACSC will explore various means to target increased assistance to the chronically homeless including:

- Increasing the number of vouchers set aside for the chronically homeless to 200,
- Taking steps to provide vouchers to chronically homeless families that are actively participating in supportive programs with designated service providers, and
- Incorporating preference language that will give flexibility for issuing vouchers to those in certain emergency situations.

Based on community need and subject to State and Federal Fair Housing laws and MTW statutory authorizations, HACSC may propose to receive direct referrals of chronically homeless families from non-profit agencies and community-based organizations

B. HOW THE PROPOSED ACTIVITY RELATES TO AT LEAST ONE OF THE THREE STATUTORY OBJECTIVES AND THE ANTICIPATED IMPACT OF THOSE OBJECTIVES

This proposed activity will achieve greater cost-effectiveness and increase housing choices for low-income families by allowing direct referrals of chronically homeless applicants from non-profit agencies and community-based organizations for vouchers without sacrificing program integrity.

C. BASELINES AND PROPOSED BENCHMARKS USED TO MEASURE THE PERFORMANCE AND PROGRESS OF THE PROPOSED ACTIVITY

The baselines will be established during the implementation of new initiatives that may result from this activity.

Benchmarks to measure the performance and progress will be established at the end of FY2009, and they may include:

- Community Services satisfaction with HACSC after the first full-year of direct referrals
- Number of days between voucher issuance and lease-up date
- Families continuing participation in the program because of services received
- Number of chronically homeless participants remaining in the program receiving services

D. DATA COLLECTION AND PROPOSED METRICS

Data will be collected from the following sources:

- Work assessment study to measure the time needed to process a chronically homeless applicant from the wait list
- Surveys of community services agencies and homeless applicants measuring the satisfaction and impact of the proposed change
- Amount of time between Voucher issuance and lease up for chronically homeless applicants
- Success rate of chronically homeless participants continuing to receive assistance after the first year.

Metrics may include:

- Comparison of total administrative cost for activity under the current process versus the proposed process.
- Comparison of time spent on the activity under the current process versus the proposed process.

E. AUTHORIZATION FOR PROPOSED ACTIVITY

This proposed activity is authorized in HACSC's Moving to Work Agreement, Attachment C, Paragraph D (4) and waives certain provisions of Sections 8(o)(6), 8(o)(13)(J) and 8(o)(16) of the 1937 Act and 24 CFR 982 Subpart E, 982.204 and 98.3 Subpart F as necessary to implement HACSC's MTW Plan.

ACTIVITY #6: 20% SAMPLE INSPECTIONS ANNUALLY FOR PBV UNITS**A. DESCRIPTION OF MTW ACTIVITY**

HACSC proposes to inspect annually a random sample of at least 20% of project-based *certificate* units and project-based voucher *Initial Guidance* units. However, if any of the 20% annual sample units fail inspection, HACSC will inspect 100% of the PBV units in the complex.

Current project-based *voucher* regulations (issued in 2005 as the project-based voucher *Final Rule*) allow inspections to be carried out using a random sample system as described above, however, 100% of units project-based under the old project-based *certificate* or the project-based *Initial Guidance* rules issued in 2001 must be inspected annually. Therefore, this MTW activity is being proposed in order to consolidate previous project-based *certificate* and *Initial Guidance* regulations with the current project-based voucher Final Rule.

B. HOW THE MTW ACTIVITY RELATES TO AT LEAST ONE OF THE STATUTORY OBJECTIVES AND THE ANTICIPATED IMPACT ON THOSE OBJECTIVES

This proposed MTW activity reduces costs and achieves greater cost effectiveness by reducing the number of inspections to be done annually for project-based *certificate* and *Initial Guidance* units that regularly pass inspection. Additionally, since many project-based units also utilize low-income-housing tax credits, annual inspections are conducted on 100% of those units to comply with the regulations for that program. This MTW activity would reduce redundant inspections at the same unit utilizing multiple Federal programs. Some of the time savings created by reducing the number of inspections can be spent educating the owners and participants on how they can keep their units in compliance, thereby improving the quality and pass-rate of units in the program.

This proposed activity also achieves greater cost effectiveness by eliminating the need to maintain and apply multiple variations in policy/procedure under the same program. Being able to apply the same rules to all owners and participants under the project-based program will help streamline procedures, reduce workload, as well as eliminate unnecessary “red tape” and inconsistencies.

C. BASELINES AND PROPOSED BENCHMARKS USED TO MEASURE THE PERFORMANCE AND PROGRESS OF THE ACTIVITY

HACSC will establish baselines and benchmarks as implementation of the activity occurs. The baseline for this activity will consider the number of annual inspections conducted currently for project-based certificate and PBV Initial Guidance units and the pass/fail rates of those inspections.

The proposed benchmarks may include:

- Reduction in staff time and related cost savings for processing and conducting inspections.
- Reduction in administrative burden of maintaining and applying multiple variations of policy for the same program.
- Reduction in the rate of failed inspections (due to enhanced owner/participant education regarding inspections).
- Increase in participants' satisfaction by consolidation of program requirements

D. DATA COLLECTION AND PROPOSED METRICS

Data will be collected from the following:

- Project-based inspection schedule records
- Project-based inspection pass/fail rate reports
- Participant satisfaction surveys

Metrics may include:

- Comparison of number of project-based certificate and interim inspections conducted currently versus number conducted under the proposed activity.
- Comparison of pass/fail rate for units inspected currently versus pass/fail rate of units inspected under the proposed activity.

E. AUTHORIZATION FOR PROPOSED ACTIVITY

This proposed activity is authorized in HACSC's Moving to Work Agreement, Attachment C, Paragraph D7, and waives certain provisions of Section 8 (o)(13) of the 1937 Act and 24 CFR 983 as necessary to implement HACSC's MTW Plan.

ACTIVITY #7: PROJECT-BASED UNIT SUBSTITUTION**A. DESCRIPTION OF MTW ACTIVITY**

HACSC proposes to allow substitution of a different unit with the same number of bedrooms in the same building for a previously designated project-based *certificate* unit or a project-based *Initial Guidance* unit.

Current PBV regulations (issued in 2005 as the PBV Final Rule) allow for unit substitution, however, the old project-based *certificate* and project-based *Initial Guidance rules (issued in 2001)* do not. Fire or other natural disaster and reasonable accommodations for disabled tenants make this a practical policy that should be applied across the board for all project-based units. Therefore, this MTW activity is being proposed in order to consolidate old project-based *certificate* and *Initial Guidance* regulations with the current project-based Final Rule and prevent project-based *certificate* and *Initial Guidance* tenants from being penalized simply because of when their unit entered the program.

B. HOW THE MTW ACTIVITY RELATES TO AT LEAST ONE OF THE STATUTORY OBJECTIVES AND THE ANTICIPATED IMPACT ON THOSE OBJECTIVES

Allowing substitution of units (e.g. as a reasonable accommodation for a new applicant who is disabled or a resident who becomes disabled while on the program) allows tenants to maintain adequate housing, eliminates undue hardship (having to move, etc.) and increases housing choices for these families.

The proposed activity also reduces costs and achieves greater cost effectiveness by eliminating the need to maintain and apply multiple variations in policy/procedure under the same program. Being able to apply the same rules to all owners and tenants under the project-based program will help streamline procedures, reduce workload, and eliminate unnecessary “red tape” and inconsistency from the program.

C. BASELINES AND PROPOSED BENCHMARKS USED TO MEASURE THE PERFORMANCE AND PROGRESS OF THE ACTIVITY

The baseline for this activity will be established during the first year of implementation and will include the number of substitution requests for interim units.

The proposed benchmarks may include:

- Increase in client satisfaction by giving same program benefit to all
- The number of reasonable substitution requests approved for project-based units
- Reduction in administrative burden of maintaining and applying multiple variations of policy for the same program

D. DATA COLLECTION AND PROPOSED METRICS

Data will be collected from the following:

- Project-based records of unit substitution requests
- Client satisfaction surveys

Metrics may include:

- Comparison of current client complaints regarding restriction versus client satisfaction after proposed activity is implemented.

E. AUTHORIZATION FOR PROPOSED ACTIVITY

This proposed activity is authorized in HACSC's Moving to Work Agreement, Attachment C, Paragraph D7, and waives certain provisions of Section 8 (o)(13) of the 1937 Act and 24 CFR 983 as necessary to implement HACSC's MTW Plan.

ACTIVITY #8: 30-DAY REFERRAL PROCESS FOR PROJECT-BASED VACANCIES**A. DESCRIPTION OF MTW ACTIVITY**

HACSC proposes to allow direct owner referrals of applicants after 30-days of unsuccessful attempts (including a “good faith effort” certification) by the owner to process referrals from the HACSC project-based applicant wait list.

This policy is part of the project-based *certificate* regulations but was not included in either the project-based voucher project-based voucher *Initial Guidance issued in 2001* or the project-based *Final Rule issued in 2005*. HACSC believes the original project-based *certificate* policy is more practical and eliminates burdensome extended vacancies in units that serve special needs populations.

Typically, for certain project-based units, many hundreds of applicants from the project-based wait list are contacted before a sufficient number of clients are found to be interested in the vacancy so that at least one successful application is submitted to the owner. After 30-days of earnest efforts by HACSC and the owner to find an appropriate household, additional effort becomes less cost effective as the owner continues to lose rent and HACSC continues to spend staff time and postage on unproductive efforts.

Final Rule requirements that owners provide written documentation of their reason for rejection of any legitimate referral from HACSC would still apply.

B. HOW THE PROPOSED ACTIVITY RELATES TO AT LEAST ONE OF THE THREE STATUTORY OBJECTIVES AND THE ANTICIPATED IMPACT ON THOSE OBJECTIVES

This proposed MTW activity will reduce costs and achieve greater cost effectiveness by reducing the substantial staff time and postage spent on an unlimited basis after the initial 30-days of unsuccessful lease-up. Additionally, vacancy length and vacancy payments paid by HACSC for these units may be reduced.

The activity will also improve owner satisfaction with the program, meaning less time spent by staff and supervisors dealing with complaint calls and visits, and making it likely that the owner will be willing to continue offering their units to low-income households over the long-term, thereby increasing housing choice.

C. BASELINES AND PROPOSED BENCHMARKS USED TO MEASURE THE PERFORMANCE AND PROGRESS OF THE PROPOSED ACTIVITY

HACSC will monitor the activity during the implementation process for further baseline and benchmark development. The baseline for this activity will include the average number of days spent on a continuous attempt to lease-up a project-based vacancy after an initial unsuccessful 30-day period. Other baseline measurements will include the average number of days of vacancy and the amount of vacancy payment paid under the policy.

The proposed benchmarks may include:

- Reduction in length of vacancies and amount of vacancy payments,
- Increase in client satisfaction.

D. DATA COLLECTION AND PROPOSED METRICS

Data will be collected from the following:

- Project-Based Vacancy Log,
- Wait list outreach records,
- Staff time spent and cost of postage,
- Participant satisfaction surveys.

Metrics may include:

- Comparison of current time spent (and associated administrative cost) on the activity versus time spent under the proposed activity.
- Comparison of current client complaints regarding process versus participant's satisfaction after proposed activity is implemented.

E. AUTHORIZATION FOR PROPOSED ACTIVITY

This proposed activity is authorized in HACSC's Moving to Work Agreement, Attachment C, Paragraph D4 and D7, and waives certain provisions of Section 8 (o)(6), 8(o)(13)(J) and 8(o)(16) of the 1937 Act and 24 CFR 982 Subpart E, 982.305 and 983 Subpart F as necessary to implement HACSC's MTW Plan.

ACTIVITY #9: UTILIZATION OF LIHTC TENANT INCOME CERTIFICATION (TIC) FOR INCOME/ASSET VERIFICATION

A. DESCRIPTION OF MTW ACTIVITY

For project-based units that also utilize LIHTC, HACSC proposes to utilize the TIC form required under the LIHTC Program as verification of the income and assets.

Owners of project-based units that utilize tax credits must comply with Federal LIHTC regulations which are nearly identical to HCV regulations with regard to verification of income and assets when determining and recertifying income eligibility of residents. Therefore, at initial eligibility and recertification for each tenant residing in project-based units that also utilize LIHTC, the owner and HACSC are duplicating efforts in the verification process. This causes unnecessary delays in processing new tenants and creates redundant demands on the clients every year for the same documentation.

The TIC form used by the LIHTC Program requires the client's statement of income and assets, the client's signature, and the property owner's certification that they verified the data provided by the client, and is therefore reliable documentation of the client's income/asset profile.

B. HOW THE PROPOSED ACTIVITY RELATES TO AT LEAST ONE OF THE THREE STATUTORY OBJECTIVES AND THE ANTICIPATED IMPACT ON THOSE OBJECTIVES

The proposed activity reduces costs and achieves greater cost effectiveness by eliminating redundant effort and increasing administrative efficiency in processing applicants' and tenants' income and asset verification, while still conforming to established, Federal LIHTC guidelines. By streamlining this process, HACSC will increase staff productivity, reduce total administrative costs of the eligibility and recertification processes, and demonstrate program proficiency to property owners that will encourage their continued and long-term participation in HACSC programs.

C. BASELINES AND PROPOSED BENCHMARKS USED TO MEASURE THE PERFORMANCE AND PROGRESS OF THE PROPOSED ACTIVITY

HACSC will monitor the activity during the implementation process for further baseline and benchmark development. The baseline for this activity will include the average amount of time and administrative cost it currently takes to request and obtain income/asset verification from participants, verify that data and then review/process the documentation.

The proposed benchmarks may include:

- Reduction in average processing time for obtaining income/asset verification
- Increase in number of initial eligibility applications and/or re-examinations staff can perform as a result of time savings

D. DATA COLLECTION AND PROPOSED METRICS

Data will be collected from the following:

- Participant records showing date requests for verification were made and when the verification was received and processed
- Client satisfaction surveys

Metrics may include:

- Comparison of current time spent (and associated administrative cost) on the activity versus time spent under the proposed activity.
- Comparison of current client complaints regarding process versus client satisfaction after proposed activity is implemented.

E. AUTHORIZATION FOR PROPOSED ACTIVITY

This proposed activity is authorized in HACSC's Moving to Work Agreement, Attachment C, Paragraph D3(b), and waives certain provisions of 24 CFR 982.516 and 982 Subpart E, and 983, as necessary to implement HACSC's MTW Plan.

ACTIVITY #10: SELECT HACSC-OWNED PUBLIC HOUSING PROJECTS FOR PBV WITHOUT COMPETITION**A. DESCRIPTION OF MTW ACTIVITY**

HACSC proposes to select HACSC-owned public housing projects for project-based assistance without a competitive process. Project-based voucher *Final Rule* regulations require projects to be selected using either a competitive process conducted by HACSC specifically for project-basing, or through a previously conducted competitive process, i.e., for 9% tax credits, within 3 years prior to selection for project-based vouchers.

As a long-time developer of affordable housing, and as an administrator of project-based vouchers, HACSC has first-hand knowledge of the value of project-basing units in order to create a stable long-term financing package and preserve the affordability of housing units for decades. The time and effort required to project-base even an existing housing development is substantial and includes many other steps that provide oversight by HUD, i.e., an environmental review and subsidy layering review. Any reduction in the seemingly prohibitively lengthy process for project-basing units would have a positive impact for the owner/developer, the community and the tenants.

In addition to HACSC's intention to continue to project-base its own new construction projects, HACSC also plans to project-base 548 units of existing housing that are currently administered as public housing, but with diminishing capital funds for maintenance and upgrades. HACSC's application for Demo Disposition of these units was approved by HUD in September 2007, and upon termination of their public housing status, HACSC intends to select these properties for project-basing.

By being able to project-base its own properties without a competition, HACSC can create a separate competitive process for project-basing properties owned by other developers that is fair and free of the appearance or concern of bias that occurs when HACSC competes with outside developers in the same contest for project-based vouchers.

B. HOW THE PROPOSED ACTIVITY RELATES TO AT LEAST ONE OF THE THREE STATUTORY OBJECTIVES AND THE ANTICIPATED IMPACT ON THOSE OBJECTIVES

The proposed MTW activity will reduce costs and increase cost effectiveness by reducing the administrative burden and direct costs (i.e. cost of publication of public notice in the newspaper) normally associated with developing and issuing an extensive Request for Proposals (RFP), reviewing and processing the applications submitted, and waiting for HUD's review and approval of the HACSC-owned project.

Cost effectiveness will also be achieved with respect to HACSC's impending Demo Disposition of its public housing units, as the proposed activity will be critical in helping HACSC create a stable and reliable financial outlook for these units that will provide timely maintenance and upgrades and preserve the affordability of these units for the residents.

The activity will also increase housing choices for low-income families by accelerating the unusually lengthy processing time that typically elapses when bringing HACSC-owned project-based units under contract.

C. BASELINES AND PROPOSED BENCHMARKS USED TO MEASURE THE PERFORMANCE AND PROGRESS OF THE PROPOSED ACTIVITY

The baseline for this activity is the average number of days and administrative cost currently spent on developing, writing, and issuing an RFP, reviewing and processing applications submitted, and time spent waiting for HUD approval of HACSC-owned sites, all of which would be eliminated from the processing timeline under this MTW Activity. HACSC will monitor the activity during the implementation process for further baseline and benchmark development.

The proposed benchmarks may include:

- Reduction in the average total processing time for project-basing units in HACSC-owned projects,
- Preservation of 548 affordable housing units and creation of a more reliable financial plan for the maintenance and upgrade of those units.

D. DATA COLLECTION AND PROPOSED METRICS

Data will be collected from the following:

- Past project-based program implementation records documenting the process, deadlines and other relevant dates
- Associated administrative costs for time spent on the activity

Metrics may include:

- Comparison of total administrative cost currently expended on the entire process for project-basing units versus the cost after eliminating the activities associated with conducting the competitive process.

E. AUTHORIZATION FOR PROPOSED ACTIVITY

This proposed activity is authorized in HACSC's Moving To Work Agreement, Attachment C, Paragraph D 7a, and waives certain provisions of Section 8 (o)(13)(B and D) of the 1937 Act and 24 CFR 982.1, 982.102 AND 24 CFR Part 983, as necessary to implement HACSC's MTW Plan.

ACTIVITY 11: PROJECT BASE 100% OF UNITS IN FAMILY PROJECTS

A. DESCRIPTION OF MTW ACTIVITY

HACSC proposes to allow more than 25% of the units in an existing building to be project-based in projects that serve families and provide services but that do not require participation in those services. Current project-based voucher regulations (issued in the *Final Rule*) impose a cap of 25% per building on project-based units in projects serving families. In order to project-base additional units above the 25% cap, the owner must provide services and *require* families living in the “excepted” units above the cap to participate in those services.

Existing housing is typically fully occupied when units are transitioned to project-based assistance, requiring current occupants to abide by a new set of leasing rules, including in this case, required participation in services if the unit is an “excepted” unit. HACSC’s proposal would lessen this sudden impact on families by not requiring participation in services. HACSC will maintain that services must be available and families must be made aware of and encouraged to participate in those services, but participation would not be formally required.

This activity would also help HACSC in preserving affordable family housing units being disposed as public housing so that a more reliable financial plan can be established through 100% project-basing to maintain and upgrade the units for the long term.

As described elsewhere in this MTW Plan, HACSC will be researching several options for future implementation of “required” participation in services for certain program participants.

B. HOW THE MTW ACTIVITY RELATES TO THE STATUTORY OBJECTIVE(S) AND THE ANTICIPATED IMPACT ON THAT OBJECTIVE(S)

The proposed MTW activity will increase housing choices for low-income families in units being project-based above and beyond the 25% cap. The activity will also prevent displacement of in-place low-income families who would otherwise leave the unit if faced with forced participation in services. The activity also increases housing choices for families from the project-based wait list by creating additional project-based units that, when vacant, will be available for persons from the wait list. The activity also achieves programmatic efficiency and cost effectiveness by allowing HACSC staff and owners to concentrate on service provision and access to services rather than enforcement.

Past experience with project-basing of existing units shows that many current occupants are already employed when their units are transitioned to project-based, so additional services and clear access to those services (rather than required participation) is expected to be adequate to assist those families in gaining more self-sufficiency.

C. BASELINES AND PROPOSED BENCHMARKS USED TO MEASURE THE PERFORMANCE AND PROGRESS OF THE ACTIVITY

The baseline for this activity will include the number of low-income families who are provided with project-based voucher assistance who would otherwise not receive assistance due to the 25% per building cap. An additional baseline is the number of families who voluntarily participate in services. HACSC will monitor the activity during the implementation process for further baseline and benchmark development.

The proposed benchmarks are:

- Increase in number of project-based vouchers provided to low-income families
- The number of families who voluntarily participate in services
- Reduction of the administrative burden that would be associated with creating and carrying out an enforcement plan of required participation in services
- Creation of a comprehensive service program at HACSC-owned family projects and encourages residents to take advantage of the services available

D. DATA COLLECTION AND PROPOSED METRICS

Data will be collected from the following:

- Number of families in units above the 25% cap,
- Number of tenants participating in services.

Metrics may include:

- Comparison of number of family units currently being project-based under the activity versus the number of family units that would be project-based under the proposed activity,
- Comparison of families participating in services versus the number of families not participating in services.

E. AUTHORIZATION FOR PROPOSED ACTIVITY

This proposed activity is authorized in HACSC's Moving To Work Agreement, Attachment C, Paragraph D7, and waives certain provisions of 24 CFR 982.516 and 982 Subpart E and 983, as necessary to implement HACSC's MTW Plan.

ACTIVITY #12: ADOPT INVESTMENT POLICIES

A. Description of MTW Activity

HACSC will adopt investment policies consistent with California Government Code to the extent such policies are in compliance with applicable OMB circulars and other federal laws. HACSC shall invest only in securities authorized under state law that will allow the flexibility to invest productively, efficiently, and securely.

B. How the Proposed Activity Relates to at Least One of the Three Statutory Objectives and the Anticipated Impact on Those Objectives

HACSC will invest using discretion in a manner which will provide maximum safety, liquidity and reasonable return on investments. Any potential higher rate of return will achieve greater cost effectiveness.

C. Baselines and Proposed Benchmarks Used to Measure the Performance and Progress of the Proposed Activity Data Collection and Proposed Metrics

HACSC will review current interest rates earned on investments utilized under the current HUD eligible investments, and explore alternative investment strategies consistent with HACSC policy and applicable guidelines and regulations.

D. Data Collection and Proposed Metrics

Data will be collected after reviewing the HUD eligible investments interest rate data for the past year and the current Plan year. Metrics will include a comparison of FY2008 and FY2009 investment strategies and conduct an analysis of various financial reports to measure success of the investment plan.

E. Authorization for Proposed Activity

This proposed activity is authorized in HACSC's Moving-to-Work Agreement, Attachment C, Section B, 5 which waives certain provisions of Section 6(c) (4) of the 1937 Act and 24. CFR 982.156 as necessary to implement the Agency's Annual MTW Plan.

V. ONGOING MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED

Because HACSC is submitting this second MTW Plan covering FY2009, simultaneously with its first MTW Plan covering the remainder of FY2008, no MTW activities have been approved yet. Therefore, there are no “ongoing” MTW activities on which to report.

VI. SOURCES AND USES OF FUNDING**A. Consolidated Budget Statement:****Table 5: Budget Activities for the Year Ending June 30, 2009**

Primary Government Business-Type Activities	Program Expenses	Program Revenues		Net (Expenses) and Revenues Primary Government Business-Type Activities
		Charges for Services	Operation Grants and Contributions	
Conventional housing program (during and after Demo Disposition)	\$1,395,000	\$665,000	\$452,000	(\$278,000)
HUD capital program	-	-	-	-
Section 8 Program:				
<i>Rental voucher Program</i>	\$229,450,000*	\$350,000	\$229,100,000	-
<i>Moderate rehabilitation Program</i>	\$1,732,000	-	\$1,794,000	\$62,000
<i>Management services</i>	\$4,335,000	\$4,570,000	-	\$235,000
<i>Shelter plus care Program</i>	\$2,527,000	-	\$2,527,000	-
<i>Meal program</i>	\$27,000	\$27,000	-	-
<i>Migrant program</i>	\$400,000	-	\$400,000	-
<i>Resident Services</i>	\$205,000	\$106,000	\$85,500	(\$13,500)
Total primary government	\$240,071,000	\$5,718,000	\$234,358,500	\$5,500
*Section 8 HCV expenses include a transfer to reserves (HAP and Admin) of \$20,000,000.				

NOTE: This budget is a forward-looking best estimate of revenues and expenses based on planned program activities.

B. Planned Sources and Expenditures by Development**Table 6: Capital Improvement Program Goals**

<i>FY 2006 and 2007</i>		
<u>SOURCES</u>		
2006 Grant	\$44,418	
2007 Grant	\$191,275	
TOTAL	\$235,693	
<u>USES</u>		
Development Name	General Description of Work	Estimated Cost
Rincon Gardens	Replace kitchen equipment/appliances	\$75,000
Cypress Gardens	Repair parking lot overlay	\$30,000
	Install new generators	\$24,000
Lenzen Gardens	Install bypass valves at baseboard	\$5,400
	Tree trimming	\$5,000
	Install ductless split AC system in laundry room	\$5,000
Sunset Gardens	Install ADA numbering system	\$5,000
	Paint community room	\$10,000
	Install signage at driveway entries	\$8,000
Julian/Lucretia Gardens	Replace water heaters	\$50,000
Miramar/Deborah	Replace wall furnaces	\$11,493
Eklund Gardens	Replace water heaters and fan coils	\$6,800
	Total	\$235,693

C. Description of changes in sources and uses of MTW funding from previously approved plan.

This section is not applicable.

D. Funding fungibility plan

Funding fungibility under block grant MTW programs allows agencies to combine resources they previously could not combine in order to better utilize their funding streams to address local program and administrative and operational needs.

Under this MTW Plan, HACSC's public housing operating subsidy, public housing, capital funds and Section 8 HCV funds may all be used for both programs and other eligible activity permissible in Section 8(s),((d)(1)) of the 1937 Housing Act. It should be noted that during this fiscal year, as described in the preceding sections, HACSC plans to remove all 548 units of its public housing and transitioning them to 100% project-based vouchers, eliminating public housing operating subsidy and capital funds from its budget.

HACSC intends to combine funding awarded by HUD into a single agency-wide funding source ("MTW Funds") in accordance with authorizations described in Attachment C of HACSC's MTW agreement. HACSC will use these funds to carry out the purposes of the MTW Demonstration program including those described in Section B.1.b of Attachment C. These activities may be carried out by HACSC or by an entity, agent, or instrumentality of HACSC, and will comply with OMB Circular A-87, and with its MTW Agreement.

FY2009 activities anticipated by HACSC may include, but are not limited to:

1. Provision of capital funds and/or operating funds assistance to housing previously designated as public housing and undergoing conversion through Demo Disposition authorization,
2. Funding substantial rehabilitation of housing units under Demo Disposition, including administration and planning costs, relocation and other related activities,
3. Provision of housing and employment-related services and case management activities in connection with the Demo Disposition program,
4. The provision of management services, including preparation of work specifications, loan processing, inspections, tenant selection, management of tenant and project-based rental assistance and management of other facilities and operations developed under MTW,
5. The provision of safety, security, and law enforcement measure and activities appropriate to protect residents of housing from crime,
6. The provision of HCV assistance and project-based rental assistance,
7. The acquisition and/or development of new units for people of low income,

8. The use of housing assistance payments for purposes other than payments to owner so long as these purposes are consistent with other eligible use of Section 8 and Section 9 funds, and
9. The use of funds for other operating and administrative activities as approved by the HACSC Board of Commissioners.

Partnerships with For-Profit and Non-profit Entities

As described in Section B.2 of Attachment C of the Agreement, HACSC may engage in MTW eligible activities in partnering with for-profit and non-profit entities using less restrictive regulatory requirements.

Investment Policies

As provided in Attachment C, Section B.5, HACSC, during FY2009 will develop and submit for HUD's approval, investment policies consistent with state law and in compliance with applicable OMB circulars and other federal laws.

VII. ADMINISTRATIVE

HACSC will design a method of evaluating the MTW demonstration to monitor and refine the effective use of funding related to stated goals and objectives. The evaluation will also provide measurable and comparable results on the activities under MTW. Progress and outcomes of tasks and objectives are tracked and review on a routine basis.

HACSC will opt out of SEMAP as provided in Section 2.G of the Moving to Work Agreement and will establish its own quality control system designed to measure the quality and timeliness of work performed.

Appendix One: Board Resolution adopting 50077-MTW equivalent form.

Resolution No. 08-05

Appendix Two: Documentation of the Public Review Process

HACSC established an input process that would provide numerous avenues for public participation from key stakeholder groups including tenants, owners, community agencies and staff. This appendix documents the public review process and provides summaries and comments on the input received related to the activities described in the Draft MTW Plan for FY 2009.

Public Notices

On February 27, 2008, HACSC posted a notice on its public bulletin board and on its website of the availability of its MTW Annual Plan for review.

The notice gave directions on how to submit comments on the proposed MTW Plan during the 30-day period from February 27, 2008 through March 27, 2008 (Attachment 5). The notice also advised that a Public Hearing regarding the plan would be held.

The public notice was also published in the following newspapers: San Jose Mercury News, Gilroy Dispatch, El Observador (Spanish language newspaper) and Vietnam Daily News (Vietnamese language newspaper). Copies of each notice are included as a part of this appendix (Attachments 1-4).

In addition to making the entire plan available for review, summaries of the plan in English, Spanish and Vietnamese were available in the HACSC lobby.

I. Public Input from Focus Groups and Hearing

HACSC gathered comments and feedback on the Draft Plan through a series of four focus groups held to different select audiences and through a public hearing.

The focus groups targeted community stakeholders (governmental and non-governmental agencies with interests in low-income housing), Section 8 owners, program participants and owners of project-based voucher units.

At the focus group meetings, a facilitator presented a Power Point reviewing the goals for the MTW program and HACSC's proposed activities, and then solicited feedback.

The public hearing regarding the plan was held on Thursday, March 25, 2008 at 3:00 p.m. The hearing facilitator provided a short introduction about the Draft MTW Plan, and then audience members were provided the opportunity to speak regarding the Plan.

Feedback and comments from the focus groups and the hearing are consolidated and summarized below.

a. Community Stakeholder Focus Group

Thirteen different agencies throughout Santa Clara County were invited to attend this focus group on Tuesday, March 11 at 10:00 a.m. Representatives from seven

different agencies attended, including Bay Area Legal Aid, National Housing Law Project, Housing Choices, Santa Clara County Social Services, Catholic Charities, Community Homeless Alliance Ministries and United Way. Feedback from this group is as follows:

In reviewing MTW Activities #3 (Reduced Frequency of Inspections) and #4 (Timeline to Correct HQS Deficiencies), the group gave the following input:

- HACSC should have in place a contingency plan that would “trigger” an inspection of problem units and buildings.
- There is a need for more and improved outreach and education with owners and landlords to set expectations related to changes in inspections procedures.

HACSC Comment: As noted in MTW Activity #3, Section A, HACSC may make exceptions to the inspection schedule for landlords and properties that do not comply on a consistent basis with Housing Quality Standards (HQS) and plans to develop an educational program for tenants and owners to ensure continued compliance with HQS.

In reviewing MTW Activities #1 (Reduced Frequency of Tenant Re-examinations and #2 (Simplification and Expediting of the Income Verification Process), the group gave the following feedback:

- The biennial or triennial re-examination change is supported as long as hardship provisions are implemented.
- HACSC should provide education and training of families in clear language with regard to what is reportable income and how the rent is calculated.

HACSC Comment: As noted in Section III of the MTW Agreement, as HACSC establishes rent reform initiatives in future phases of its’ Plan, it will also adopt policies for addressing hardship cases.

HACSC believes that with increased available staff time that will arise from reduced frequency of re-examinations, the option of instituting tenant educational and training programs can be explored.

In reviewing MTW Activities #8 (30-Day Referral Process for Project-Based Vacancies and #10 (Select HACSC-Owned Public Housing Projects for PBV without Competition), the group gave the following input:

- If owner referrals are accepted in order to fill project-based unit vacancies, referrals should be for those families with special needs.
- Stipulation should be made that the transfer of public housing units to HACSC-affiliated nonprofits would not result in any net decrease of HACSC-supported units for low and very-low income families.

HACSC Comment: HACSC has reviewed the proposal on owner-referrals and will take it into consideration. In regards to the transfer of public-housing units, HACSC has applied for replacement vouchers from HUD for every public housing unit being transferred.

In reviewing Section III of the MTW Plan (Long-Term MTW Plan), Section C which deals with Participant Support and Services to Promote Self-Sufficiency, the group gave this feedback:

- Families who qualify for the elderly or disability allowance, who cannot work, are to be exempt from required participation in services, but there should be an exception provision for other families experiencing hardship.

HACSC Comment: As noted in Section III of the MTW Agreement, as HACSC establishes rent reform initiatives in future phases of its' Plan, it will also adopt policies for addressing hardship cases.

- The importance of working collaboratively with other service agencies in the community was emphasized. Partnerships with social service agencies can help counter lifetime entitlement by supporting the families' efforts to become self-sufficient, as well as assisting HACSC to determine which families are most in need of extra support.
- Create incentives within the Section 8 Housing Choice Voucher (HCV) Program to promote self-sufficiency, but only if changes are not punitive.

HACSC Comment: HACSC will review model MTW Plans currently in place and work collaboratively with community stakeholders to create a program that is beneficial to families and is not punitive.

- Increase the current allocation of 100 vouchers for the homeless.

b. Owner Focus Group

Twenty-six owners of Section 8 units were invited to attend a focus group on the Draft MTW Plan on Tuesday, March 11 at 1:30 p.m. Ten property owners attended. Feedback from this group is as follows:

In reviewing MTW Activity #3 (Reduced Frequency of Inspections), the group gave the following input:

- The group was generally supportive of moving property inspections from an annual to a biennial basis.

In reviewing MTW Activities #1 (Reduced Frequency of Tenant Re-examinations and #2 (Simplification and Expediting of the Income Verification Process), the group gave the following input:

- The owners and landlords were generally supportive of the proposed changes.

c. *Program Participant Focus Group*

Thirty-eight families were invited to attend a focus group on the Draft MTW Plan on Tuesday, March 11 at 3:00 p.m. Nine participants attended. Feedback from this group is as follows:

In reviewing MTW Activity #3 (Reduced Frequency of Inspections), the group gave the following input:

- Clarifications of the requirements and the responsibilities of HACSC, to the owners and landlords are needed..

HACSC Comment: As noted in MTW activity #3, section A, HACSC plans to develop an educational program for tenants and owners to ensure continued compliance with HQS.

In reviewing MTW Activities #1 (Reduced Frequency of Tenant Re-examinations and #2 (Simplification and Expediting of the Income Verification Process), the group gave the following input:

- Third-party employer verifications are viewed as intrusive; the group was very supportive of the proposal to reduce employer verifications.

In reviewing Section III of the MTW plan (Long-Term MTW Plan), Section C which deals with Participant Support and Services to Promote Self-Sufficiency, the group gave this input:

- There was general support and enthusiasm at the meeting for programs to support family self-sufficiency.

d. *Project-Based Owner Focus Group*

Twenty-two owners of project-based units were invited to attend a focus group on the Draft MTW Plan on Thursday, March 20, 2008 at 4:00 p.m. Sixteen owners attended. Feedback from this group is as follows:

In reviewing Section III of the MTW plan (Long-Term MTW Plan), Section C which deals with Participant Support and Services to Promote Self-Sufficiency, the group gave this input:

- There was a request that HACSC ensure that senior citizens and persons with disabilities are included in our future plans for enhanced services.

In reviewing MTW Activity #7 (Project-based Unit Substitution), the group gave the following input:

- There was a request for an additional MTW waiver that would allow the addition of more units to a current Project-based HAP Contract that was effective under the old Certificate regulations or the PBV interim rules.

HACSC Comment: The agency may consider asking for this as an MTW activity waiver at some point in the future.

In reviewing MTW activities 6-11 (changes to the Project-based Voucher program), the group gave the following input:

- It was felt the modifications to the PBV program would enable owners to reduce vacancy loss, provide less intrusion for the tenants and allow the owners to maximize the benefit of the PBV program for low income households.

E. Public Hearing

Forty persons attended the hearing and nineteen chose to speak. The hearing was recorded and the speakers' key issues are consolidated and summarized below.

- A speaker from a transitional housing complex for the homeless shared some success stories from their project-based voucher program and advocated for an increase in the number of project-based vouchers.
- Numerous speakers advocated for an increase in the number of dedicated vouchers for the chronically homeless.
- A speaker asked that HACSC include funding for security deposits for their tenants.
- Several speakers advocated for an overall increase in vouchers for low-income families.
- A speaker said that the overall positive tone of the hearing was a testimony to a great housing authority with strong community partnerships and asked HACSC to ensure that MTW Activity #11 (select HACSC-owned projects for project-based voucher without competition) did not give HACSC an unfair advantage.

HACSC Comment: Although Activity #10 would give HACSC an advantage in project-basing its public housing units, HACSC intends to continue to issue competitive Requests for Proposals in the coming years.

- A speaker advocated for direct referrals (not from the HCV wait list) of the chronically homeless to receive dedicated vouchers.

HACSC Comment: MTW Activity #5 requests a possible regulatory waiver in exploring various means in directing HCV to chronically homeless and other needy individuals and families who are participating in supporting services, but may not be on the wait list.

- Speakers from the District Attorneys Office and the City of Campbell Police Department opposed MTW Activities #1, 2 and 3 (reduced frequency of tenant reexamination, simplification of the income verification process and reduced frequency of inspections) because of a potential increase in fraud and reduced ability to help needy people from the wait list.

HACSC Comment: The speakers from the District Attorneys Office and the Campbell Police Department also submitted letters and a response to their letters is included in Section IV below.

II. Correspondence Received on MTW Plan

Letters from four different agencies commenting on the Draft MTW Plan for FY 2009 were submitted during the public review period, and two emails were received. Included below are summarized comments from the letters and emails.

A. Letter from Community Homeless Alliance Ministry (CHAM) dated March 24, 2008

- Incentives to encourage voucher holders to receive services should be positive in nature and not punitive. Escrow accumulation is a good example of positive incentive.
- There was general support for administrative changes that may increase efficiency in the delivery of services to applicants and participants.
- There was support for an increase of the dedicated vouchers for the homeless from 100 to 300 per year.

B. Letter from Santa Clara County Collaborative on Affordable Housing and Homeless Issues dated March 25, 2008

- The agency strongly encouraged the Housing Authority to increase the number of Section 8 vouchers set aside for chronically homeless people to 200.

C. Letter from Catholic Charities of Santa Clara County dated March 25, 2008

- The agency respectfully requested HACSC to consider increasing the number of Section 8 vouchers set aside for chronically homeless people to 200.

D. Letter from Palo Alto Downtown Streets Team dated March 25, 2008

- The agency respectfully requested HACSC to consider increasing the number of Section 8 vouchers set aside for chronically homeless people to 200.

E. Email submitted 3/27/08 from a private citizen

- This individual supported the simplification of income verification process that will allow tenant provided documents for the self-employed and those individuals working on commission.

F. Email submitted 3/27/08 from the Director of the Santa Clara County Domestic Violence Advocacy Consortium

- The agency requested HACSC to consider the needs of domestic violence victims in any decisions that are made through the MTW Demonstration Program.

III. Joint Statement from Bay Area Legal Aid, Mental Health Advocacy Project, and National Housing Law Project

Three different legal services agencies collaborated in preparing an extensive item-by-item response to the MTW Draft Plan. Their comments were generally supportive of the MTW plan. A summary of their input that relates to the proposed activities for FY 2009 is below. HACSC will take all of the comments into consideration as we implement and further develop our MTW plan.

In reviewing MTW Activity #1 (Reduced Frequency of Tenant Re-examination), the group gave the following input:

- There was a request for the agency to preserve policies to allow changes in income and family composition that reduces a family's portion of rent.

In reviewing MTW Activity #2 (Simplification and Expediting of the Income Verification Process), the group requested that HACSC:

- Implement a clear procedure for tenants to correct false information received from UIV databases.

In reviewing MTW Activity #3 (Reduced Frequency of Inspections), the group requested that HACSC:

- Increase efforts to focus attention on HQS problems reported by participants, negligent landlords, and participants who want to remain housed while confronting landlord misconduct.

In reviewing MTW Activity #4 (Timeline to Correct HQS Deficiencies), the group gave the following input:

- Landlord self-certification should only be accepted with confirmation from the tenant.

In response to MTW Activity #5 (Direct Referrals of Chronically Homeless Families), the group gave this feedback:

- Staff dealing with the homeless should be given sensitivity and non-discrimination training.
- Monitor the chronically homeless voucher program to ensure the program does not designate more vouchers than actually needed, thus depriving other needy families from the wait list their opportunity for a voucher.

HACSC Comment: HACSC has a preference for 100 vouchers for the chronically homeless and we monitor closely the number of vouchers issued to this population.

In reviewing MTW Activity #6 (20% Sample Inspections Annually for PBV Units), the group requested that:

- The random 20% should be per development and not a random 20% of all PBV units.
- High rates of participant complaints or HQS failures should increase inspections to 100%.

In reviewing MTW Activity #8 (30-Day Referral Process for Project-Based Vacancies), the group requested that HACSC:

- Limit this activity to developments that serve special needs populations only.
- Monitor owners to verify the reason applicant referrals from HACSC's wait list are rejected.

In reviewing MTW Activities #11 (Select Project-based 100% of units in family projects) the group gave the following input:

- Ensure that these units remain affordable to very low-income and extremely-low income families once the PBV contract expires.

HACSC Comment: HACSC is project-basing these complexes to ensure long-term affordability and intends to renew these and other project-based contracts as long as HUD funding is available.

- Ensure that new owners of these properties (if sold) are required to accept project-based vouchers in the future.

HACSC Comment: All of the projects in question will remain under HACSC ownership and will be 100% project-based under MTW.

IV. Letters Received in Opposition to Certain MTW Activities

HACSC received two letters in opposition of certain proposed MTW activities. HACSC has worked cooperatively with these and other enforcement agencies in preventing, detecting and investigating fraud.

A. Letter from the Office of the District Attorney dated March 25, 2008

- This agency expressed opposition to the proposed MTW activities that would reduce the frequency of tenant reexaminations, relax the income verification process and reduce the frequency of inspections because of concerns that it will impede the detection and prevention of program abuse and fraud, and
- Expressed concern over HACSC's decision to disband the unit responsible for preventing, detecting, investigating and resolving instances of suspected program abuse and fraud.

B. Letter from the City of Campbell Police Department dated March 25, 2008

- This agency expressed concern over HACSC's decision to reduce the frequency of tenant inspections and re-certifications (MTW Activities #1 and #3), and
- Expressed concern over the Housing Authority's decision to eliminate the unit responsible for the investigation of housing fraud and contract violations.

HACSC Comment: HACSC believes that the reduction of the frequency of tenant re-examinations, the simplification of the income verification process and the reduction of the frequency of inspections will free its staff to work more effectively in training program participants in their obligations under the program and will allow staff more time for effective interviewing leading to fraud prevention.

HACSC has and will continue to investigate and prosecute fraudulent activities. Fraud is now distributed among the 51 Housing Programs Specialists who have had extensive training in interviewing techniques and fraud detection. In addition, six Supervisors share responsibilities for reviewing allegations of program abuse and cases under development. HACSC has also initiated a fraud hotline to provide an effective and quick avenue for reporting fraud.

Appendix Three: HACSC Moving to Work Agreement